



## March 2008 Term - Third Quarter Financial Results (Consolidated)

February 1, 2008

Company name: TAC CO., LTD.

TSE 1st

Company code number: 4319

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(Yen in millions, with fractional amounts rounded down to the nearest million yen)

### 1. Consolidated 3rd quarter results for the fiscal year ending March 2008

(From April 1, 2007 to December 31, 2007)

#### (1) Consolidated financial results

(% indicates changes from prior fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%
December 2007 3 <sup>rd</sup> quarter	15,505	( 1.7)	1,224	( 72.7)	1,554	( 81.0)	867	( 93.5)
December 2006 3 <sup>rd</sup> quarter	15,250	( 3.4)	709	(17,765.6)	859	( 289.5)	448	(2,991.4)
March 2007 period	20,553		1,173		1,333		742	

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
December 2007 3 <sup>rd</sup> quarter	46.86	—
December 2006 3 <sup>rd</sup> quarter	24.21	—
March 2007 period	40.11	—

#### (2) Consolidated financial position

	Total assets	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(Yen in millions)	(Yen in millions)	%	(Yen)
December 2007 3 <sup>rd</sup> quarter	14,287	4,247	29.7	229.56
December 2006 3 <sup>rd</sup> quarter	15,089	3,366	22.3	181.94
March 2007 period	13,727	3,659	26.7	197.76

#### (3) Consolidated statement of cash flow

	Net cash used in operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents
	(Yen in millions)	(Yen in millions)	(Yen in millions)	(Yen in millions)
December 2007 3 <sup>rd</sup> quarter	949	-524	-60	2,196
December 2006 3 <sup>rd</sup> quarter	1,743	-780	895	2,998
March 2007 period	1,804	-561	-551	1,831

## 2. Status of Dividends

	Dividend Per Share
Record date	3 <sup>rd</sup> quarter
	(Yen)
December 2006 3 <sup>rd</sup> quarter	—
December 2007 3 <sup>rd</sup> quarter	—

**3. Consolidated forecasts for March 2008 term (From April 1, 2007 to March 31, 2008)**

There is no revision of the consolidated forecast for FY2007 announced on November 15, 2007.

(% indicates changes from prior fiscal year for annual and from interim period of prior fiscal year for the interim period)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen)
Full year	21,050	2.4	1,566	33.5	1,927	44.6	1,100	48.2	59 45

**4. Others**

- (1) Changes in scope of consolidation and in application of the equity method : None
- (2) Differences in accounting procedures used in previous consolidated fiscal year: Yes
- (3) Changes in accounting methods : None

(Reference) Summary of Non-Consolidated Results

**1. Non-Consolidated 3rd quarter results for the fiscal year ending March 2008**

(From April 1, 2007 to December 31, 2007)

## (1) Non-Consolidated financial results

(% indicates changes from prior fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%
December 2007 3 <sup>rd</sup> quarter	14,955	( 1.1)	1,150	( 88.1)	1,532	( 88.4)	874	( 97.9)
December 2006 3 <sup>rd</sup> quarter	14,797	( 2.8)	611	( — )	813	( 391.6)	441	( — )
March 2007 period	19,941		1,059		1,271		726	

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
December 2007 3 <sup>rd</sup> quarter	47.26	—
December 2006 3 <sup>rd</sup> quarter	23.88	—
March 2007 period	39.29	—

## (2) Non-Consolidated Financial Condition

	Total assets	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(Yen in millions)	(Yen in millions)	%	(Yen)
December 2007 3 <sup>rd</sup> quarter	14,197	4,136	29.1	223.57
December 2006 3 <sup>rd</sup> quarter	14,991	3,257	21.7	176.04
March 2007 period	13,571	3,540	26.1	191.36

**2. Non-consolidated forecasts for March 2008 term (From April 1, 2007 to March 31, 2008)**

There is no revision of the non-consolidated forecast for FY2007 announced on November 15, 2007.

(% indicates changes from prior fiscal year for annual and from interim period of prior fiscal year for the interim period)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen)
Full year	20,315	1.9	1,475	39.3	1,887	47.6	1,080	48.6	58 37

**\*Note**

The revision of forecast consolidated results is based on the information available at this time and involves potential risks and uncertainties. Actual results may materially differ from those contained in the forecast as a result of various factors.

**【Qualitative Information, Financial Statements, etc.】****1. Qualitative information related to consolidated operating results****(1) Overview of consolidated business results for the third quarter**

In the current quarter, sales of advanced courses for the certified public accountant exam for those making a second attempt remained low due to a substantial increase in the number successful candidates on the previous exam. Further, the start of licensed tax accountant courses was delayed until early 2008 due to the late announcement of test results. Accordingly, sales on a cash basis before adjustment of tuition advances decreased 1.7% over the same term last year. As the amount of tuition advances transferred in the current quarter was low, adjustment of tuition advances boosted sales on an accrual basis after adjustment of tuition advances by over ¥ 500 million compared to the same term last year.

In regards to our school network, Yaesu School, located in a prosperous area near Tokyo station, continued to enjoy favorable sales. However, sales of classroom courses in other schools remained weak. Newly opened Hiyoshi, Tachikawa and Hiroshima schools showed stable growth. Total sales of correspondence courses showed a decline of 3.3% over the same term last year due to a slowing in correspondence courses using DVD's, which is considered to have run its course. As well, stagnation in correspondence courses using audiocassettes furthered the decline.

As a result, consolidated net sales for the nine months ended December 31, 2007 increased 1.7% to ¥ 15,505 million over the same term last year. We succeeded in reducing various expenses related to our cost of sales and our selling, general and administrative expenses, mainly advertising. As a result, operating income increased 72.7% over the same term last year to ¥ 1,224 million. With non-operating income of ¥ 339 million including dividend income and profit on investment securities, ordinary profit for the nine months ended December 31, 2007 increased 81.0% over the same term last year to ¥ 1,554 million. In the nine months ended December 31, 2007, extraordinary losses of ¥ 57 million, which included losses on disposal or sale of fixed assets, were recorded. In total, net income for the nine months ended December 31, 2007 was ¥ 867 million, an increase of 93.5% over the same term last year.

Some notable features of our group's quarterly financial record: License examinations covered by our educational courses concentrate on the three months ended September 30 (the second quarter) and ended December 31 (the third quarter). Applications for preparatory courses for next year's exams for our key courses, such as certified public accountant and licensed tax accountant, start right after the exams for these qualifications are over in the second and the third quarters. And in the three months ended March 31 (the fourth quarter) and ended June 30 (the first quarter), classes for all the courses that we offer begin. As a result, in the second and the third quarters profit margin on sales tends to be minimized in spite of substantial cash sales and accounts receivable. This is because tuition advances should be credited to reduce the amount of sales to be recognized in the relevant accounting periods, while fixed costs are expensed every month. In the fourth and the first quarters, these tuition advances are debited monthly to recognize sales, which increases the profit margin on sales.

Changes in 3<sup>rd</sup> quarter operating results between last year and this year (April – December).

	1 <sup>st</sup> quarter of FY2006 (April – June)			2 <sup>nd</sup> quarter of FY2006 (July–September)			3 <sup>rd</sup> quarter of FY2006 (October–December)			9-month Total for FY2006 (April–December)			Total for FY2006		
	¥million	%	Y-O-Y	¥million	%	Y-O-Y	¥million	%	Y-O-Y	¥million	%	Y-O-Y	¥million	%	Y-O-Y
Net sales before adjustment of tuition advances	3,779		105.4	7,214		101.4	5,180		101.0	16,175		102.2	20,601		102.0
Adjustment of tuition advances	1,735		92.1	-2,285		93.5	-374		71.7	-924		85.4	-48		13.4
Net sales (after adjustment of tuition advances)	5,514	26.8	100.8	4,929	24.0	105.5	4,806	23.4	104.4	15,250	74.2	103.4	20,553	100.0	103.7
Gross profit	2,595	47.1	104.2	1,815	36.8	109.2	1,621	33.7	105.9	6,032	39.6	106.1	8,160	39.7	106.4
Operating income	873	15.8	137.3	-48	-1.0	14.6	-116	-2.4	38.5	709	4.7	17,865.6	1,173	5.7	278.6
Ordinary profit	825	15.0	110.9	94	1.9	-32.7	-60	-1.3	25.7	859	5.6	389.5	1,333	6.5	211.0
Net income	478	8.7	118.9	50	1.0	-20.5	-81	-1.7	58.3	448	2.9	3,091.4	742	3.6	297.2
Net income per share	Yen 25.88			Yen 2.75			Yen -4.42			Yen 24.21			Yen 40.11		

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October–December)			9-month Total for FY2007 (April–December)		
	¥million	%	Y-O-Y	¥million	%	Y-O-Y	¥million	%	Y-O-Y	¥million	%	Y-O-Y
Net sales before adjustment of tuition advances	3,805		100.7	7,321		101.5	4,774		92.2	15,901		98.3
Adjustment of tuition advances	1,973		113.7	-2,355		103.1	-14		3.9	-396		42.9
Net sales (after adjustment of tuition advances)	5,778	—	104.8	4,966	—	100.8	4,759	—	99.0	15,505	—	101.7
Gross profit	2,667	46.2	102.8	1,957	39.4	107.8	1,777	37.3	109.6	6,402	41.3	106.1
Operating income	989	17.1	113.2	243	4.9	—	-7	-0.2	6.8	1,224	7.9	172.7
Ordinary profit	1,078	18.7	130.6	473	9.5	503.2	3	0.1	—	1,554	10.0	181.0
Net income	619	10.7	129.3	275	5.5	540.6	-27	-0.6	33.3	867	5.6	193.5
Net income per share	Yen 33.46			Yen 14.88			Yen -1.47			Yen 46.86		

- (Notes) 1. Percentage of quarterly net sales stated as a proportion of total net sales.  
2. Other percentages stated as a proportion of quarterly net sales.

## (2) Segment information

Sales results of our group according to segment are as follows.

Segment information	3 <sup>rd</sup> quarter of FY2006			3 <sup>rd</sup> quarter of FY2007		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Personal education	10,842	71.0	102.4	10,771	69.4	99.3
Corporate training	3,040	19.9	109.5	3,167	20.4	104.2
Publishing & others	1,382	9.1	98.8	1,580	10.2	114.4
Total	15,265	100.0	103.4	15,519	100.0	101.7

### Personal education

#### Stable growth in bookkeeping, Takken and US CPA. CPA and LTA experience declines.

In the Personal education segment, sales of advanced courses for the certified public accountant exam for those making a second attempt declined due to a substantial increase in the number successful candidates on the previous exam. As well, the start of licensed tax accountant courses was delayed until early 2008 due to late announcement of test results. Sales of bookkeeping, real estate transaction manager (Takken) and US certified public accountant courses showed considerable growth. As a result, sales for the nine months ended December 31, 2007 in this segment were ¥ 10,771 million, a decrease of 0.7% over the same term last year. Operating profit was ¥ 737 million, an increase of 51.8% over the same term last year.

	1 <sup>st</sup> quarter of FY2006 (April – June)			2 <sup>nd</sup> quarter of FY2006 (July–September)			3 <sup>rd</sup> quarter of FY2006 (October-December)			9-month Total for FY2006 (April-December)			Total for FY2006		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,252	29.2	101.0	3,418	23.5	102.2	3,171	21.8	104.7	10,842	74.5	102.4	14,553	100.0	101.9
Operating costs	3,568	83.9	98.5	3,395	99.3	89.9	3,392	106.9	96.5	10,356	95.5	94.9	13,583	93.3	96.7
Operating income	683	16.1	116.6	22	0.7	—	-220	-6.9	—	485	4.5	—	969	6.7	427.7

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October-December)			9-month Total for FY2007 (April-December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	4,260	—	100.2	3,365	—	98.5	3,145	—	99.2	10,771	—	99.3
Operating costs	3,329	78.1	93.3	3,416	101.5	100.6	3,288	104.5	96.9	10,033	93.2	96.9
Operating income	931	21.9	136.2	-50	-1.5	—	-143	-4.5	65.0	737	6.8	151.8

- (Notes) 1. Percentage of quarterly net sales stated as a proportion of total net sales.  
 2. Other percentages stated as a proportion of quarterly net sales.  
 3. Operating costs that are not allocable are excluded for the calculation of operating costs and operating income.

### Corporate training

#### Continued increases in corporate training programs contribute to increased revenue and profit

Sales in corporate training showed stable growth as companies reported solid business results. Courses exhibiting substantial growth include IT specialist courses (+11.0% y/o/y), business school courses (+24.2% y/o/y) and training programs in finance and accounting areas (+41.3% y/o/y), resulting in overall growth of 9.2% in corporate training programs over the same term last year. Though sales of educational contents and materials increased 4.0% y/o/y, sales by affiliated schools declined 4.6% y/o/y due to Hiroshima School coming under our direct control. Sales of in-university seminars declined 9.6% y/o/y. Sales of Maho-jin tax software showed a consistent increase of 8.7% y/o/y. As a result, sales for the nine months ended December 31, 2007 in this segment were ¥ 3,167 million, an increase of 4.2% over the same term last year. Operating profit was ¥ 1,046 million, an increase of 24.3% over the same term last year.

	1 <sup>st</sup> quarter of FY2006 (April – June)			2 <sup>nd</sup> quarter of FY2006 (July–September)			3 <sup>rd</sup> quarter of FY2006 (October-December)			9-month Total for FY2006 (April-December)			Total for FY2006		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,027	26.6	112.3	1,048	27.2	110.3	964	25.0	105.8	3,040	78.8	109.5	3,858	100.0	107.8
Operating costs	683	66.5	108.7	823	78.5	123.9	692	71.8	109.3	2,198	72.3	114.1	2,826	73.3	107.6
Operating income	344	33.5	120.2	225	21.5	78.8	272	28.2	97.9	841	27.7	99.0	1,031	26.7	108.4

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October–December)			9-month Total for FY2007 (April–December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	1,091	—	106.2	1,088	—	103.8	986	—	102.3	3,167	—	104.2
Operating costs	742	68.1	108.7	687	63.2	83.5	690	70.0	99.8	2,120	67.0	96.5
Operating income	348	31.9	101.2	401	36.8	178.1	296	30.0	108.9	1,046	33.0	124.3

- (Notes) 1. Percentage of quarterly net sales stated as a proportion of total net sales.  
2. Other percentages stated as a proportion of quarterly net sales.  
3. Operating costs that are not allocable are excluded for the calculation of operating costs and operating income.

### Publishing and other

#### Publishing business showing good form supported by favorable sales in textbooks for bookkeeping exams. New Shinjuku and Umeda offices of TPB contribute to growth in manpower dispatching business

Our publishing business experienced substantial growth backed by remarkable sales in bookkeeping and real estate transaction manager (Takken) publications. Though revision of textbooks for bookkeeping caused former editions to be returned, shipments of the revised edition are going well. Our human resources business (TAC Profession Bank Co., Ltd. or “TPB”) recorded favorable sales growth in the area of manpower dispatching and job advertising. Meanwhile, the manpower placement, where we support job applicants that have accounting skills acquired through preparation for CPA exams and successful candidates from the CPA exams, including those passing the CPA multiple-choice exam, showed sluggish growth due to a substantial increase in the number successful candidates on the CPA exam, as well as, heated competition among companies to secure new recruits. As a result, sales for the nine months ended December 31, 2007 in this segment were ¥ 1,580 million, an increase of 14.4% over the same term last year. Operating profit was ¥ 311 million, an increase of 55.6% over the same term last year.

	1 <sup>st</sup> quarter of FY2006 (April – June)			2 <sup>nd</sup> quarter of FY2006 (July–September)			3 <sup>rd</sup> quarter of FY2006 (October–December)			9-month Total for FY2006 (April–December)			Total for FY2006		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	234	10.9	67.9	472	21.9	122.8	674	31.2	101.0	1,382	64.0	98.8	2,161	100.0	108.7
Operating costs	94	40.2	35.6	476	100.7	158.7	611	90.6	118.2	1,182	85.5	109.2	1,852	85.7	116.5
Operating income	140	59.8	173.4	-3	-0.7	—	63	9.4	41.8	200	14.5	63.1	308	14.3	77.4

	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October–December)			9-month Total for FY2007 (April–December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Net sales	430	—	183.2	516	—	109.2	634	—	94.0	1,580	—	114.4
Operating costs	434	100.9	460.0	342	66.4	71.9	492	77.7	80.6	1,269	80.3	107.4
Operating income	-3	-0.9	—	173	33.6	—	141	22.3	224.3	311	19.7	155.6

- (Notes) 1. Percentage of quarterly net sales stated as a proportion of total net sales.  
2. Other percentages stated as a proportion of quarterly net sales.  
3. Operating costs that are not allocable are excluded for the calculation of operating costs and operating income.

**(3) Sales results by license area****Finance and Accounting**

There is a growing expectation toward the social role of CPA's and audit firms as a result of a series of recent accounting-related scandals. A shortage in CPA's continues as audit firms prepare to respond to the FY 2008 introduction of internal control audits and quarterly reporting in accordance with the Japanese SOX Act.

According to a release by the CPAAOB (Certified Public Accountants and Auditing Oversight Board) on November 19, 2007, the number of applicants for the certified public accountant exam in 2007 was the highest ever at 18,140 (+11.9%, or +1,930 over the previous year) of which 2,695 (+96.4% or +1,323 over the previous year) passed the essay exam.

Major audit corporations are still wanting for new recruits and it is expected that the trend of increasing the number of successful exam candidates will continue. In addition, the CPAAOB released a plan to increase the number of candidates by "changing the scope of the exam, improving exam schedules, and offering the multiple choice exam twice a year starting in 2010".

However, sales of certified public accountant courses on a cash basis (before adjustment for tuition advances) and on an accrual basis (after adjustment for tuition advances) decreased 9.3% and 0.3%, respectively over the same term last year. This decline is attributed to a decrease in the number of applicants for advanced courses aimed at those making a second attempt at the exam. Increased pass rates have had a direct and negative impact. Further, it will take a time for the impact of the revised testing system to reach university students and working people, resulting in an actual increase in applicants for preparatory courses. As a result, sales of certified public accountant courses on a cash basis and on an accrual basis decreased 9.3% and 0.3%, respectively over the same term last year.

As for bookkeeping courses, we experienced firm sales mainly in the publishing and personal education segments backed by favorable sales in accounting-related books for business people. This resulted in an increase of 1.5% over the same term last year. In total, sales increased 0.3% over the same term last year.

**Management and Taxation**

Sales of licensed tax accountant (LTA) preparatory courses remained low due to the late announcement of test scores in December, resulting in sales on cash basis and on accrual basis decreasing by 7.4% and 1.3%, respectively, over the same term last year. The number of applicants for new courses, which began in January, however, showed favorable results. As for small and medium enterprise management consultant (SMEMC), sales declined 8.7% over the same term last year as the number of applicants making a second attempt showed sluggish growth due to the substantial number of candidates with conditional credit allowed under the revised testing system. As a result, sales in the Management and Taxation area for the nine months ending December 31, 2007 decreased 0.9% over the same term last year.

**Financial Services and Real Estate**

In the area of real estate, sales in real estate appraiser courses remained stagnant resulting in a sales decline of 28.6% over the same term last year. This is attributed to the new real estate appraiser exam, which turned out to be more difficult than anticipated. Though the number of successful candidates on the essay exam increased to 120 out of 3,519 applicants this year, the pass rate was still low at 3.4% (2.0% or 94 in the previous year). However, sales of real estate transaction manager (Takken) courses, where no negative effect was produced by the revision of building standards law, showed growth of 11.1% over the same term last year backed by expansion in the real estate market. It is believed that the growth of Takken courses is supported by increased learning motivation by working people, who face a system under which training courses are required for registration.

In regards to the financial services area, sales of securities analyst courses showed a slight decline and financial planner courses decreased 4.7% as it is considered to have run its course. Meanwhile, sales of Business School courses increased by 24.3% over the same term last year due to favorable growth in corporate training programs among private companies. As a result, sales in the Financial Services and Real Estate area for the nine months ending December 31, 2007 decreased 3.3% over the same term last year.

**Law and Labor**

Sales on cash basis of preparatory courses for certified social insurance labor consultant exams increased 7.5% over

the same term last year due to temporary sales growth spawned by the incentive to take advantage of the governmental tuition assistance program prior to its revision. Sales on accrual basis are almost unchanged from the same term last year. Sales of preparatory courses for public officer courses finally bottomed out and sales showed a stable increase of 9.7% over the same term last year. Sales of administrative scrivener courses remained stagnant with a decline of 8.1% over the same term last year. As a result, sales for the nine months ending December 31, 2007 increased 3.6% over the same term last year.

#### **IT and International Qualifications**

As to the IT specialist qualifications, though we need to pay close attention to the possibility of the testing system undergoing revision in 2009, sales growth was firm at 4.2% over the same term last year supported by our advantage in corporate training programs. Further, specialized human resources sought by companies preparing for the implementation of J-SOX and their need for professional skills acquired through US CPA studies, sales of US CPA courses increased by 24.3% over the same term last year. Certified internal auditor (CIA) courses, which were launched in the first interim period, have received strong support from those responsible for internal control and internal audit-related operations in corporations. This has attracted a significant number of students to this area. Course sales for CompTIA (the Computing Technology Industry Association) certifications, which is a de-facto standard in the IT industry in the US, showed stable growth of 2.2% over the same term last year mainly in corporate training programs. As a result, sales for the nine months ended December 31, 2007 increased 10.6% over the same term last year.

#### **Other**

With regards to TAC Profession Bank Co., Ltd. (TPB), our subsidiary, a Shinjuku office and an Umeda office were opened in the previous year. This has increased the visibility of TPB among our students. Though manpower dispatching and job advertising businesses recorded favorable sales growth, manpower placement, in which we support job applicants with accounting skills acquired through preparation for CPA exams and successful candidates from the CPA exams, showed sluggish growth. This is mainly due to the substantial increase in successful candidates on the CPA exam, as well as, heated competition among companies to secure new recruits. In spite of this, TPB achieved sales growth of 21.4% (after adjustment for consolidation) over the same term last year. Sales of “Maho-jin” tax software showed stable growth of 8.7% over the same term last year. In total, sales for the nine months ended December 31, 2007 increased 14.3% over the same term last year.

Licenses by area	1 <sup>st</sup> quarter of FY2006 (April – June)			2 <sup>nd</sup> quarter of FY2006 (July–September)			3 <sup>rd</sup> quarter of FY2006 (October-December)			9-month Total for FY2006 (April-December)			Total for FY2006		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,734	25.7	102.2	1,513	22.4	100.4	1,658	24.6	114.4	4,906	72.7	105.4	6,751	32.9	107.1
Management & Taxation	1,620	29.3	104.5	1,202	21.7	108.6	1,171	21.2	101.5	3,995	72.2	104.8	5,536	26.9	104.2
Financial Service & Real Estate	688	25.5	111.8	754	27.9	110.0	700	25.9	104.2	2,143	79.4	108.6	2,699	13.1	105.7
Law & Labor	799	29.7	83.9	640	23.7	103.1	578	21.4	84.7	2,017	74.8	89.4	2,696	13.1	89.1
IT & International	359	24.5	96.7	441	30.0	103.3	318	21.7	93.5	1,119	76.2	98.3	1,469	7.1	102.2
Others	311	22.3	111.0	378	27.0	117.3	378	27.1	123.5	1,068	76.3	117.5	1,399	6.8	117.4
<b>Total</b>	<b>5,514</b>	<b>26.8</b>	<b>100.8</b>	<b>4,929</b>	<b>24.0</b>	<b>105.5</b>	<b>4,806</b>	<b>23.4</b>	<b>104.4</b>	<b>15,250</b>	<b>74.2</b>	<b>103.4</b>	<b>20,553</b>	<b>100.0</b>	<b>103.7</b>

Licenses by area	1 <sup>st</sup> quarter of FY2007 (April – June)			2 <sup>nd</sup> quarter of FY2007 (July–September)			3 <sup>rd</sup> quarter of FY2007 (October-December)			9-month Total for FY2007 (April-December)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Finance & Accounting	1,857	32.1	107.1	1,523	30.7	100.7	1,540	32.4	92.9	4,921	31.7	100.3
Management & Taxation	1,643	28.4	101.4	1,150	23.2	95.7	1,166	24.5	99.6	3,960	25.5	99.1
Financial Service & Real Estate	698	12.1	101.4	727	14.6	96.4	647	13.6	92.4	2,072	13.4	96.7
Law & Labor	777	13.4	97.2	681	13.7	106.4	632	13.3	109.5	2,091	13.5	103.6
IT & International	414	7.2	115.1	466	9.4	105.7	357	7.5	112.3	1,237	8.0	110.6
Others	388	6.8	124.7	417	8.4	110.5	414	8.7	109.5	1,220	7.9	114.3
<b>Total</b>	<b>5,778</b>	<b>100.0</b>	<b>104.8</b>	<b>4,966</b>	<b>100.0</b>	<b>100.8</b>	<b>4,759</b>	<b>100.0</b>	<b>99.0</b>	<b>15,505</b>	<b>100.0</b>	<b>101.7</b>

- (Note) 1. Percentage of net sales for each quarter is a proportion of total sales for the relevant quarter over total annual sales.  
2. Percentage at the end of each fiscal year is a proportion over total annual sales.

Educational services provided by TAC Group are categorized below. (A course shown in **boldfaces** is a newly launched course.)

License by area	Programs	Profile and pass rates
① Finance and Accounting	Certified public accountant, Bookkeeper, Construction industry accountant, <b>Certification exam for business accounting</b>	Out of 2,695 successful candidates on the CPA exam in 2007 (excluding those exempted from multiple choice exam which includes successful candidates on the part 2 exam under the former testing system), 1320 took TAC's regular preparatory courses (*) for the relevant year.
② Management and Taxation	Licensed tax accountant, Small and medium enterprise management consultant	
③ Financial Services and Real Estate	Real estate appraiser, Registered real estate transaction manager, Condominium management consultant / Registered condominium administration manager, Securities Analyst, Financial Planner, DC planner, Business School	Out of 120 successful candidates on the real estate appraiser exam, 88 took TAC's regular preparatory courses (*) for the relevant year.

④ Law and Labor	Certified social insurance labor consultant, Administrative scrivener, Public officer, The Japan business law examination, Law-related qualifications, <b>Registered customs specialist</b>	
⑤ IT & International	IT specialist (system administrator exam, fundamental IT engineer exam, software design and development engineer exam etc; total 13 exams) U.S. certified public accountant, CompTIA(A+, i-Net+, Network+, Server+), IT-related qualifications (Microsoft office specialist, Oracle master etc) , <b>Certified Internal Auditor (CIA)</b>	
⑥ Other	Tax software “Maho-jin”, miscellaneous revenue (payment at front counter, etc.)	

(Note) Proportion: Proportion of students who took TAC's preparatory courses (students in regular courses and single subject courses and students taking trial exams) out of all successful candidates nationwide. This is generally used as an indicator to measure performance in the education industry. The number of TAC students who passed exams includes those who also attend courses in other schools.

#### (4) Number of students

The number of individual members increased in courses for bookkeeping, real estate transaction manager (Takken), US certified public accountant, and others. However, the number of individual members decreased in social insurance labor consultant, public officer and administrative scrivener courses. Accordingly, the total number of individual members decreased 2.0% or 2,208 over the same term last year. Regarding the number of corporate members, those taking self-enlightenment courses via distant learning media and in-university seminars increased, but the number of students in affiliated schools declined. Accordingly, the total number of corporate members increased 11.1% or 4,455 over the same term last year. In total, the number of students in nine months ended December 31, 2007 decreased 1.5% or 2,247 over the same term last year.

	Individual members	Corporate members	Total	Increase from the same term last year	Change from the same term last year %
FY 1997	43,599	15,791	59,390	—	—
FY 1998	66,661	17,932	84,593	+25,203	142.4
FY 1999	83,066	21,528	104,594	+20,001	123.6
FY 2000	93,651	28,747	122,398	+17,804	117.0
FY 2001	105,217	36,542	141,759	+19,361	115.8
FY 2002	114,244	33,433	147,677	+ 5,918	104.2
FY 2003	123,909	39,550	163,459	+15,782	110.7
FY2004	120,962	42,507	163,469	+10	100.0
FY2005	135,205	45,598	180,803	+17,334	110.6
FY2006	132,755	47,780	180,535	-268	99.9
Total for 10 years (Percentage distribution)	1,019,269 (75.6%)	329,408 (24.4%)	1,348,677 (100.0%)	— —	— —
3 <sup>rd</sup> quarter of FY2007 (April - December) [Y-O-Y]	108,402 [98.0%]	44,526 [111.1%]	152,928 [101.5%]	+ 2,247	101.5
3 <sup>rd</sup> quarter of FY2006 (April-December) [Y-O-Y]	110,610 [98.5%]	40,071 [99.9%]	150,681 [98.9%]	- 1,679	98.9

## 2. Qualitative Information Related to Consolidated Operating Results

### (1) Financial position

Total assets as of December 31, 2007 decreased by ¥ 802 million and shareholders' equity increased by ¥ 881 million over the same term last year. Notable increases include investment securities of ¥ 285 million, long-term deposits of ¥ 200 million and retained earnings of ¥ 883 million. Decreases include cash and equivalents of ¥ 1,141 million, short-term borrowings of ¥ 1,165 million and tuition advances of ¥ 505 million.

	1 <sup>st</sup> quarter of FY2006 (April – June)			2 <sup>nd</sup> quarter of FY2006 (July–September)			3 <sup>rd</sup> quarter of FY2006 (October–December)			4 <sup>th</sup> quarter of FY2006 (January–March)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Total Assets	13,414	100.0	105.3	15,836	100.0	105.5	15,089	100.0	104.5	13,727	100.0	108.8
Tuition Advances	5,437	40.5	110.8	7,840	49.5	104.9	8,220	54.5	102.7	7,294	53.1	100.7
Total Shareholders' Equity	3,487	26.0	103.8	3,538	22.3	113.3	3,366	22.3	116.1	3,659	26.7	118.0
Shareholders' Equity Per Share	Yen 188.50			Yen 191.22			Yen 181.94			Yen 197.76		

	1 <sup>st</sup> quarter of FY2007 (June 30, 2007)			2 <sup>nd</sup> quarter of FY2007 (September 30, 2007)			3 <sup>rd</sup> quarter of FY2007 (December 31, 2007)		
	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y	¥ million	%	Y-O-Y
Total Assets	13,778	100.0	102.7	16,171	100.0	102.1	14,287	100.0	94.7
Tuition Advances	5,242	38.1	96.4	7,713	47.7	98.4	7,714	54.0	93.8
Net Assets	4,150	30.1	119.0	4,426	27.4	125.1	4,247	29.7	126.2
Net Assets Per Share	Yen 224.32			Yen 239.20			Yen 229.56		

### (2) Cash flow performance

Net cash provided by operating activities in the current quarter was ¥ 949 million, a decrease of ¥ 794 million over the same term last year. Net cash used in investing activities in the current quarter was ¥ 524 million, a decrease of ¥ 256 million over the same term last year. Net cash used in financing activities in the current quarter was ¥ 60 million, a decline of ¥ 955 million over the same term last year in which ¥ 895 million was provided. As a result, net increase (decrease) in cash and cash equivalents increased by ¥ 365 million and cash and cash equivalents at the end of the year decreased by ¥ 801 million over the same term last year to ¥ 2,196 million. Factors contributing to the cash flow results include tuition advances which remained low due to sales on cash basis showing a slight decline, interest and dividend income which increased by ¥ 295 million y/o/y and the amount of income tax paid which increased by ¥ 695 million y/o/y.

### 3. Others

- (1) Changes in scope of consolidation and in application of the equity method : None
- (2) Differences in accounting procedures used in previous consolidated fiscal year: Yes  
In the inventory figures included in these quarterly financial results the amount of stored goods was calculated based on the actual amount as of the end of the previous fiscal year without performing a physical inventory check.
- (3) Changes in accounting methods : None

**4. Consolidated Financial Statements and Other****(1) Consolidated Balance Sheet (summary)**

(Yen in Millions, %)

Account	Previous 3 rd quarter ended Dec. 31, 2006	Current 3 rd quarter ended Dec. 31, 2007	Increase (decrease)		Year ended March 31, 2007
	Amount	Amount	Amount	Y-O-Y	Amount
<b>(Assets)</b>					
<b>I Current assets</b>					
1 Cash and cash equivalents	3,208	2,066	-1,141	-35.6	1,840
2 Notes and accounts receivable	1,932	1,853	-79	-4.1	1,967
3 Marketable securities	247	160	-87	-35.3	216
4 Inventories	874	910	36	4.2	909
5 Other	563	560	-3	-0.6	604
Allowances for doubtful accounts	-1	-0	0	-50.8	-0
Total current assets	6,824	5,549	-1,274	-18.7	5,537
<b>II Fixed assets</b>					
1 Tangible fixed assets	743	651	-92	-12.4	695
2 Intangible fixed assets	639	583	-55	-8.7	641
3 Investments and other assets	6,882	7,502	620	9.0	6,853
(1)Investment securities	1,776	2,062	285	16.1	1,750
(2)Fixed leasehold deposits	3,787	3,788	1	0.0	3,790
(3)Insurance reserve fund	936	936	-0	-0.0	937
(4)Other	382	733	351	91.8	376
Allowances for doubtful accounts	-1	-18	-17	1,526.5	-1
Total fixed assets	8,265	8,738	472	5.7	8,189
Total assets	15,089	14,287	-802	-5.3	13,727
<b>(Liabilities)</b>					
<b>I Current Liabilities</b>					
1 Accounts payable	446	421	-25	-5.6	598
2 Short-term borrowings	1,427	262	-1,165	-81.6	—
3 Current portion of long-term borrowings	67	26	-40	-60.7	67
4 Tuition advances	8,220	7,714	-505	-6.2	7,294
5 Other	1,395	1,475	79	5.7	1,958
Total current Liabilities	11,557	9,900	-1,656	-14.3	9,918
<b>II Long-term liabilities</b>					
1 Long-term liabilities	26	—	-26	—	9
2 Reserve for post-retirement benefits for directors and corporate auditors	139	—	-139	—	—
3 Post-retirement benefits payable for directors and corporate directors	—	139	139	—	139
Total long-term liabilities	166	139	-26	-15.9	149
Total liabilities	11,723	10,040	-1,683	-14.4	10,068

Account	Previous 3 rd quarter ended Dec. 31, 2006	Current 3 rd quarter ended Dec. 31, 2007	Increase (decrease)		Year ended March 31, 2007
	Amount	Amount	Amount	Y-O-Y	Amount
(Net assets)					
I Owners' equity					
1 Paid-in Capital	940	940	—	—	940
2 Capital surplus	790	790	—	—	790
3 Earned surplus	1,637	2,520	883	54.0	1,931
4 Treasury Stock	-0	-0	—	—	-0
Total owners' equity	3,367	4,251	883	26.2	3,661
II Valuation and translation adjustments					
1 Valuation difference on available- for-sale securities	-0	-3	-2	268.0	-2
Total Valuation and translation adjustments	-0	-3	-2	268.0	-2
Total Net assets	3,366	4,247	881	26.2	3,659
Total liabilities and net assets	15,089	14,287	-802	-5.3	13,727

**(2) Consolidated Statement of Income (summary)**

(Millions of yen, %)

Account	Previous 3 rd quarter ended Dec. 31, 2006	Current 3 rd quarter ended Dec. 31, 2007	Increase (decrease)		Year ended March 31, 2007
	Amount	Amount	Amount	Y-O-Y	Amount
I Sales revenues	15,250	15,505	254	1.7	20,553
II Cost of sales	9,285	9,177	-107	-1.2	12,371
Gross profit	5,965	6,327	362	6.1	8,182
Reversal of allowance for loss on returned goods	282	304	22	7.9	282
Transfer to reserve for loss on returned Goods	215	230	15	7.0	304
Gross profit – net	6,032	6,402	369	6.1	8,160
III Selling, general and administrative expenses	5,323	5,177	-145	-2.7	6,986
Operating income	709	1,224	515	72.7	1,173
IV Non-operating income	160	339	179	112.1	172
V Non-operating expenses	10	9	-0	-9.0	12
Ordinary income	859	1,554	695	81.0	1,333
VI Extraordinary expenses	26	57	30	115.5	27
Net income before income taxes	832	1,497	665	79.9	1,305
Corporate, inhabitants and enterprise taxes	352	545	192	54.7	641
Deferred income taxes	31	85	53	166.7	-78
Net income	448	867	419	93.5	742

**(3) Consolidated Statement of Changes in Net Asset (summary)****Previous 3 quarters of previous fiscal year** (April 1, 2006 - Dec 31, 2006)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments	Total Net assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total owners' equity	Valuation difference on available-for-sale securities	
Balance at the end of previous period (As of March 31, 2006)	940	790	1,374	-0	3,104	-4	3,100
Changes of items during the period							
Dividends from surplus			-185		-185		-185
Net income			448		448		448
Net changes of items other than owners' equity						3	3
Total changes of items during the period	—	—	263	—	263	3	266
Balance at the end of the current period (As of December 31, 2006)	940	790	1,637	-0	3,367	-0	3,366

(\*) 1. Appropriation of retained earning resolved at the annual shareholders' meeting held on June 21, 2006.

2. Distribution of retained earnings includes interim dividend for the six months ended September 30, 2006 of ¥ 92 million.

**3 quarters of current fiscal year** (April 1, 2007 - Dec 31, 2007)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments	Total Net assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total owners' equity	Valuation difference on available-for-sale securities	
Balance at the end of previous period (As of March 31, 2007)	940	790	1,931	-0	3,661	-2	3,659
Changes of items during the period							
Dividends from surplus			-277		-277		-277
Net income			867		867		867
Net changes of items other than owners' equity						-1	-1
Total changes of items during the period	—	—	589	—	589	-1	588
Balance at the end of the current period (As of December 31, 2007)	940	790	2,520	-0	4,251	-3	4,247

(\*) Distribution of retained earnings includes interim dividend for the six months ended September 30, 2007 of ¥ 148 million.

**Previous fiscal year** (April 1, 2006 - March 31, 2007)

(Thousand of yen)

	Owners' equity					Valuation and translation adjustments	Total Net assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total owners' equity	Valuation difference on available-for-sale securities	
Balance at the end of previous period (As of March 31, 2006)	940	790	1,374	-0	3,104	-4	3,100
Changes of items during the period							
Issuance of new shares							
Dividends from surplus			-185		-185		-185
Net income			742		742		742
Net changes of items other than owners' equity						1	1
Total changes of items during the period	—	—	557	—	557	1	558
Balance at the end of the current period (As of March 31, 2007)	940	790	1,931	-0	3,661	-2	3,659

- (\*) 1. Appropriation of retained earning resolved at the annual shareholders' meeting held on June 21, 2006.
2. Distribution of retained earnings includes interim dividend for the six months ended September 30, 2006 of ¥ 92 million.

**(4) Consolidated Statement of Cash Flow (summary)**

(Millions of yen, %)

Account	Previous 3 rd quarter ended Dec. 31, 2006	Current 3 rd quarter ended Dec. 31, 2007	Year ended March 31, 2007
	Amount	Amount	Amount
<b>I Cash flows from operating activities</b>			
1 Income before income taxes	832	1,497	1,305
2 Depreciation and amortization	246	214	330
3 Increase in tuition advances	976	420	50
4 current income on investment securities	-130	-19	-124
5 Other	-42	-626	316
Sub-total	1,882	1,485	1,878
6 Income taxes paid	-202	-897	-188
7 Other	63	360	114
Net cash provided by (used in) operating activities	1,743	949	1,804
<b>II Cash flows from investing activities</b>			
1 Acquisitions of property and equipment	-63	-97	-68
2 Acquisitions of intangible fixed assets	-139	-78	-142
3 Payment for guaranteed deposits	43	0	38
4 Other	-620	-349	-389
Net cash provided by (used in) investing activities	-780	-524	-561
<b>III Cash flows from financing activities</b>			
1 Increase (decrease) in short-term borrowings	1,127	262	-300
2 Increase (decrease) in long-term borrowings	-50	-50	-67
3 Dividends paid	-181	-272	-184
Net cash provided by (used in) financing activities	895	-60	-551
<b>IV Exchange difference of cash and cash equivalents</b>	0	0	0
<b>V Net increase in cash and cash equivalents</b>	1,858	365	691
<b>VI Cash and cash equivalents at the beginning of the year</b>	1,139	1,831	1,139
<b>VII Cash and cash equivalents at the end of the year</b>	2,998	2,196	1,831

**(5) Segment information**

〔Segment information by type〕

**3 quarters of previous fiscal year** (April 1, 2006 - December 31, 2006)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	10,842	3,040	1,382	15,265	(14)	15,250
Operating expenses	10,356	2,198	1,182	13,737	803	14,541
Operating income	485	841	200	1,527	(818)	709

**3 quarters of current fiscal year** (April 1, 2007 - December 31, 2007)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	10,771	3,167	1,580	15,519	( 14)	15,505
Operating expenses	10,033	2,120	1,269	13,424	856	14,280
Operating income	737	1,046	311	2,094	( 870)	1,224

**Previous fiscal year** (April 1, 2006 - March 31, 2007)

(Millions of yen)

	Personal education	Corporate training	Publishing & other	Total	Eliminations	Consolidated
Sales	14,553	3,858	2,161	20,572	( 18)	20,553
Operating expenses	13,583	2,826	1,852	18,262	1,117	19,380
Operating income	969	1,031	308	2,309	( 1,136)	1,173